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Current Support Brief

PROSPECTS FOR HANDLING WHEAT SHIPMENTS IN SOVIET PORTS



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PROSPECTS FOR HANDLING WHEAT SHIPMENTS
IN SOVIET PORTS

Agreement in September 1963 by the USSR to buy an unprecedented volume of more than 6.5 million tons* of Canadian wheat for delivery by August 1964 set in motion a memorable scramble to ship as much as possible from the Canadian ports before they were iced in. The USSR, thus committed to import from Canada and Australia by August 1964 more than 8 million tons of wheat -- including a small quantity of wheat flour -- has demonstrated an impressive capability to cope with these shipments at its ports in spite of its historical position as a grain exporter with the resultant arrangement of loading and unloading facilities. Shipments were destined for a total of 14 Soviet ports, only 9 of which were used by Free World vessels, and arrivals amounted to more than 1.5 million tons on at least 112 vessels (65 Free World and 47 Soviet) during the 11 weeks from 29 September through 14 December. About 1 million tons of this total arrived during the 30-day period beginning on 10 November, and the highest weekly concentration to date was observed during 10 to 16 November, when more than 274,000 tons arrived on a total of 23 ships at 11 Soviet ports. Reports indicate that grain shipments are being given priority handling and that no undue delays are being experienced by Free World ships involved in the grain trade. In addition, the USSR apparently has embarked on a crash program to increase depths and to improve unloading facilities at its grain ports and has negotiated what appears to be an emergency authorization to utilize facilities at the Finnish port of Kotka. No firm evidence of the use of the Finnish facilities has been noted, however, since the reporting of the Soviet-Finnish negotiations in early November.

More than 6 million tons of Canadian and Australian wheat remain to be received by Soviet ports during January-July 1964, and there are reasonable prospects that as much as 4 million tons of US wheat** also may be imported during the same period. The possible total of about 10 million tons to be imported over a 7-month period will require an increase to an average monthly rate of about 1.4 million tons compared with about 1 million tons arriving at Soviet ports during the 30-day period from 10 November through 9 December 1963. Shipping from US

* Tonnages throughout this publication are given in metric tons.

** Estimates of possible US sales have ranged from 2.5 million tons to 4 million tons.

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ports and a few ice-free Canadian ports should make it possible to maintain regular scheduling through the winter. Only the minor Soviet Baltic ports will be closed because of ice conditions, and the other available ports should be able to handle reasonably scheduled shipments without serious delay.

1. Wheat Import Commitments by the USSR

Canada and the USSR signed an agreement on 16 September 1963 providing for the export of an unprecedented volume of more than 6.5 million tons of Canadian wheat, including a small quantity of wheat flour, to the USSR. Adding previous orders from both Canada and Australia, the USSR was thus committed to import more than 8 million tons of wheat and a small quantity of flour by August 1964. About 2 million tons of the Canadian and Australian wheat are estimated to have been received by January 1964, when the USSR finally signed an agreement with US exporters for 1 million tons of wheat. Additional US deals are expected, and the total from the US may reach 4 million tons. The amount of wheat to be imported by the USSR during January-July 1964 may therefore reach a total of about 10 million tons.

2. Experience at Soviet Ports Handling Canadian and Australian Wheat Shipments

Canadian and Australian wheat shipments, amounting to a total of more than 1.5 million tons, arrived at 14 different Soviet ports during the 11 weeks from 29 September through 14 December 1963. More than one-half of the total tonnage was imported through the Black Sea ports of Odessa and Novorossiysk and nearly one-fourth through the Pacific ports of Nakhodka and Vladivostok (see the table). Free World vessels called at nine Soviet ports* and handled about two-thirds of the total tonnage.

Shipments of Canadian wheat increased beginning in October, and by the end of October a total of about 8 ships per week was arriving in various Soviet ports. The maximum number of arrivals observed between 29 September and 14 December was during the week of 10-16 November, when a total of 23 ships carrying in excess of 274,000 tons of wheat arrived at 11 Soviet ports. The data for December admittedly are incomplete, however, and this amount could have been exceeded during the first or second week in December.

* Leningrad, Riga, Odessa, Novorossiysk, Tuapse, Batumi, Poti, Ilichevsk, and Nakhodka.

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There seemed to be no undue delays through December 1963 for Free World ships arriving at Soviet ports with cargoes of grain. It was reported on 24 December that only Soviet ships were delayed beyond the normal time and that up to \$10,000 per ship had been collected for fast turnaround (under contract time) of foreign ships. 1/ No demurrage had been paid to foreign shipowners on any wheat shipments.* Other reliable information indicates 4 to 6 days in port for Free World ships that are known to have unloaded grain and departed without waiting for cargo to be loaded at the Soviet ports. Time in port for other Free World ships arriving at Soviet ports with wheat between 29 September and 14 December ranged up to 30 days but averaged about 14 days. Reportedly a 12,000-ton ship was unloaded in 2.5 days and a 27,000-ton ship in 3 days. 3/ These probably are optimum times for unloading only and do not include time for maneuvering and bunkering.

Several other reports indicate that the handling of wheat is being given general priority with cooperation from both port and railway workers and that other freight is delayed when necessary to expedite wheat shipments. The Far East Shipping Administration announced on 23 October 1963 that "the principal tasks of seamen and port workers for a long period of time will be the delivery of cargoes of grain to the ports of Vladivostok and Nakhodka, the careful processing of these cargoes, and the dispatch of this grain in railway cars." 4/ It was reported that although the harbor at Odessa was becoming congested, wheat was being loaded immediately and efficiently onto rail cars for shipment to the interior. 5/ A Soviet radio announcement of 11 November 1963 also mentioned direct ship-to-rail transfer at the port of Poti with immediate dispatch to destination. 6/ A report of 19 November 1963 indicated that grain shipments were receiving priority at Odessa. 7/ At least three reports imply some congestion at Nakhodka during October, 8/ but it is believed that these reports probably were primarily applicable to other traffic. Top priority was still being given to wheat shipments.

3. Development of Ports and Unloading Facilities

There are indications that the USSR has undertaken a crash program to increase depths and to improve unloading facilities at its

* Soviet charters generally call for an unloading rate of 1,000 tons per day after which demurrage charges of 1 shilling (US \$0.14) per day per gross register ton is payable to the shipowner. Dispatch payments by the shipowner for faster-than-contracted unloading equal one-half the demurrage rate. 2/

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wheat ports. In addition to making more ships potentially available for charter, there are considerable rate advantages to the use of large, deep-draft vessels, and the Soviet authorities apparently mean to take advantage of this factor insofar as possible. Of the 14 Soviet ports currently being used for wheat imports, only those of Odessa, Novorossiysk, and Nakhodka can yet boast a maximum permissible draft of 33 feet or more, which is required to handle many larger vessels that could be used in the grain trade. Permissible drafts up to 35 feet are planned for some Black Sea ports and depths at Leningrad were to have been increased by the end of 1963 to permit the handling of vessels with drafts up to 33 feet. 9/

Pneumatic unloading devices, especially useful for the unloading of bulk grain, have been very scarce at Soviet ports. Virtually all Free World chartered tankers have been required to carry their own discharge equipment and in at least one deal were required to agree to leave the equipment at the Soviet port after unloading. 10/ There have been several reports describing Soviet discussions with the UK and other countries of Western Europe concerning purchases of pneumatic grain dischargers, but there has been little information on actual sales and acquisitions.

4. Outlook

The use of large bulk cargo ships and large tankers with pneumatic discharge equipment is the key to low-cost transport of the large quantities of wheat to be imported by the USSR during the first 7 months of 1964. The USSR will therefore continue to increase depths at ports and to utilize large vessels to the greatest possible extent. Unloading facilities will be improved, including the probable acquisition of considerable quantities of pneumatic discharge equipment.

More than 6 million tons of Canadian and Australian wheat remain to be received by Soviet ports during January-July 1964, and there are reasonable prospects that as much as 4 million tons of US wheat also may be imported during the same period. The possible total of more than 10 million tons* to be imported over a 7-month period will require

* This tonnage represents about 25 percent of the total tonnage of foreign trade handled by Soviet ports during a comparable period of 1962 and 10 percent of the total of foreign trade, coastal, and intercoastal tonnage handled during the same period in 1962.

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an increase to an average monthly rate of about 1.4 million tons* compared with about 1 million tons observed arriving at Soviet ports between 10 November and 9 December -- the peak period according to available information. By totaling the peak week observed at each port, it is found that a total capability of at least 408,000 tons per week (more than 1.6 million tons per month) has been demonstrated at the 14 ports used up to 14 December 1963. Only a few Baltic ports of minor importance to the grain trade will be closed, probably until about April, as will the Great Lakes ports and the St. Lawrence Seaway. By shipping from a few ice-free Canadian ports and from US ports until April, it should be possible to maintain regular scheduling, and the available Soviet ports should be able to handle reasonably scheduled shipments without serious delay. Priority will continue to be given to wheat shipments, and the Finnish port of Kotka may be used as a reserve for emergencies.

* In October 1963 this Office estimated that a total of about 1.8 million tons of wheat per month could be unloaded at selected facilities in the ports of Nakhodka, Odessa, Novorossiysk, and Leningrad. 11/

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Arrivals of Grain in Soviet Ports ^{a/}
29 September - 14 December 1963

Area and Port	Total			Free World		Soviet		Maximum Weekly Total (Metric Tons)	Maximum Permissible Draft (Feet)
	Cargo	Percent Distribution	Arrivals	Metric Tons	Arrivals	Metric Tons	Arrivals		
Baltic	<u>271,482</u>	<u>17.7</u>	<u>27</u>	<u>89,475</u>	<u>8</u>	<u>182,007</u>	<u>19</u>	<u>87,859</u>	
Leningrad	136,934	8.9	13	59,975	5	76,959	8	45,175	30
Baltiysk	30,985	2.0	3	0	0	30,985	3	12,000	30
Kaliningrad	40,038	2.6	4	0	0	40,038	4	12,999	26
Ventspils	15,495	1.0	2	0	0	15,495	2	7,755	25 to 26
Riga	36,530	2.4	4	18,000	2	18,530	2	9,930	26
Unidentified	11,500	0.8	1	11,500	1	0	0	N.A.	N.A.
Black Sea	<u>896,526</u>	<u>58.5</u>	<u>56</u>	<u>682,950</u>	<u>42</u>	<u>213,576</u>	<u>14</u>	<u>229,632</u>	
Taupse	12,000	0.8	1	12,000	1	0	0	12,000	30
Odessa	471,144	30.8	26	312,550	17	158,594	9	92,650	33
Nikolayev	17,282	1.1	2	0	0	17,282	2	11,582	27
Novorossiysk	307,100	20.0	20	283,200	18	23,900	2	65,900	33 to 34
Batumi	12,500	0.8	1	12,500	1	0	0	12,500	28 to 29
Poti	22,200	1.5	2	22,200	2	0	0	12,200	28 to 29
Ilichevsk	54,300	3.5	4	40,500	3	13,800	1	22,800	31
Pacific	<u>365,697</u>	<u>23.8</u>	<u>29</u>	<u>255,765</u>	<u>15</u>	<u>109,932</u>	<u>14</u>	<u>90,114</u>	
Vladivostok	109,932	7.2	14	0	0	109,932	14	32,814	31
Nakhodka	255,765	16.6	15	255,765	15	0	0	57,300	33 to 34
Total	<u>1,533,705</u>	<u>100.0</u>	<u>112</u>	<u>1,028,190</u>	<u>65</u>	<u>505,515</u>	<u>47</u>	<u>407,605</u>	

a. Including arrivals from all shippers. The major shipper by far was Canada. Data are based on information available through 2 January 1964 and are believed to be relatively complete through 30 December 1963.

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18 February 1964

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It is requested that the attached copies of CIA/RR CB 64-9,
Prospects for Handling Wheat Shipments in Soviet Ports, February
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Attachments:
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